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Mutual
OF OMAHA



MUTUAL OF OMAHA INSURANCE COMPANY

your good neighbor

07 PM '65

V. J. SKUTT
CHAIRMAN OF THE BOARD

D. D. ULFERS
PRESIDENT

HOME OFFICE OMAHA, NEBRASKA

March 9, 1965

Government Employees
Health Association, Inc.
P.O. Box 463
Washington, D.C.

WHEN REPLYING PLEASE REFER TO
Group Policy GMG-1799

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Dear Len:

Thank you for forwarding the copy of the Civil Service Commission's calculation for the determination of any possible payment from the contingency reserve.

At the time Mr. Randall originally talked with you, we were of the opinion that Item 6 of this report should have been equal to the average of five months' subscription charges and this, of course, would be five-twelfths of line C of your annual accounting after deducting the payment from the contingency reserve. In checking their calculations with the regulations, however, we find that this amount should be equal to the total of the last five months' subscription charges paid from the fund to the carrier for the plan. The amount of \$742,867.71 which they show on this line is, for all practical purposes, correct as near as we can determine.

Even though there would be no payment from the fund in accordance with the regulations, we do have a question as to how they have determined the \$159,210.79 preferred minimum balance as shown on line 3 of their calculation. In accordance with the regulations, "The preferred minimum balance for the contingency reserve is one month's subscription charges at the average monthly rate paid from the employees' health benefits fund for the plan during the most recent contract period". Line 1A on your annual accounting statement amounting to \$1,765,516.20 we believe is supposed to equal the amount paid from the fund during the most recent contract period. One-twelfth of this amount equals \$147,126.35 making the maximum

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amount available for payment as shown on line 4, \$120,094.83. We would appreciate it if you would clarify this particular calculation with the Commission so that should an amount be payable from the fund in the future, we will all have a common understanding of the calculation.

Sincerely,

D. C. Whitney

D. C. Whitney
Assistant Vice President

MB